

**IDAHO STATE TAX COMMISSION**  
**COMMISSIONERS' OPEN MEETING**  
**MINUTES OF MEETING SEPTEMBER 17, 2014**

In attendance: Commissioners Richard W. Jackson, Tom Katsilometes, and Ken A. Roberts; Michael Chakarun, Debbie Coulson, Valerie Dilley, Scott Grothe, Roxanne Lopez, Robin O'Neill, Chuck Pond, Mike Teller, Randy Tilley, Bill von Tagen; Cynthia Adrian, Alan Dornfest, Renee Eymann, McLean Russell, Jim Sereduk, Justine Weaver; Mat Cundiff, Chelsea Kidney, Erick Shaner, Phil Skinner; Ellen Anderson, Valerie Clark, Kelly McConnell, Marc Norton, and Robert Walker.

Guest: Brody Aston.

**Public Session.**

Commissioner Ken A. Roberts convened the open meeting and welcomed all those in attendance.

**Presentation of Certificates of Service.**

Roxanne Lopez, Human Resources Officer, acknowledged the employees receiving a Certificate of Service, and stated how much their combined 100 years of state service were appreciated.

The Certificate of Service recipients in attendance were: Robert Walker, Tax Auditor Manager (Audit) for 10 years of state service; Valerie Clark, Technical Records Specialist 1 (Revenue Operations) for 25 years of state service and a thank-you letter from the Governor; and Ellen Anderson, Tax Compliance Officer 2 (Collections) for 35 years of state service and a thank-you letter from the Governor.

The absent recipients will have their certificates presented at a later date. Their names are: Schuyler (Sky) Mahoney, Technical Records Specialist 1 (Collections) for 5 years of state service; Patricia Corn, Technical Records Specialist 1 (Revenue Operations) for 10 years of state service; and Audrey Smith, Tax Compliance Officer 3, Pocatello Field Office (Collections) for 15 years of state service.

The Commissioners congratulated all the recipients and said how the recipients' 100 years of dedicated state service was commendable and how the everyday work they do is appreciated. Chairman Richard W. Jackson recognized that there were over 100 years of state service collectively again, and thanked all the recipients.

**Business Requiring Vote of the Commission.**

Minutes: Open Meeting – August 6, 2014.

Commissioner Tom Katsilometes moved that the minutes of the open meeting held on August 6, 2014, be approved. Chairman Jackson seconded. There were no comments or amendments. All voted in the affirmative, and the minutes of the open meeting on August 6, 2014, were approved.

Minutes: Idaho State Board of Equalization – August 11, 2014, and August 14, 2014.

Commissioner Tom Katsilometes moved that the minutes of the Idaho State Board of Equalization held on August 11, 2014, and on August 14, 2014, be approved. Chairman Jackson seconded. There were no comments or amendments. All voted in the affirmative, and the minutes

of the Idaho State Board of Equalization held on August 11, 2014, and on August 14, 2014, were approved.

Resolution 14-06 – 2015 Maximum Homeowners Exemption.

Rick Anderson, Property Tax Policy Specialist, presented Resolution 14-06 – 2015 Maximum Homeowners Exemption, in Property Tax Manager Alan Dornfest's absence. Rick recommended the Commission adopt the resolution, which establishes that the maximum homeowner's exemption for tax year 2015 at \$89,580.

Commissioner Katsilometes moved that Resolution 14-06 – 2015 Maximum Homeowners Exemption be adopted, and Chairman Jackson seconded. There were no comments or questions. All voted in the affirmative, and Resolution 14-06 was adopted.

Resolution 14-07 – 2015 Annual Interest Rate.

Cynthia Adrian, Tax Policy Specialist and Income Tax Rules Committee Chair, presented Resolution 14-07 – 2015 Annual Interest Rate. Cynthia recommended the Commission adopt the resolution which establishes for calendar year 2015, the annual rate of interest applicable to delinquent state taxes accruing or unpaid during all or any part of calendar year 2014 subject to assessment of interest under Idaho Code § 63-3045 is four percent (4%) simple interest.

Chairman Jackson moved that Resolution 14-07 – 2015 Annual Interest Rate be adopted, and Commissioner Katsilometes seconded. There were no comments or questions. All voted in the affirmative, and Resolution 14-07 was adopted.

There was no more business requiring a vote of the Commission.

**Administrative Reports.**

There were no administrative reports.

**Reports on Rules Committees.**

[Income Tax, Administration & Enforcement, Kilowatt, Mine License Rules – Committee Chair, Cynthia Adrian.](#)

Cynthia Adrian, Income Tax, Administration & Enforcement, Kilowatt, and Mine License Rules Committee Chair, reported that the last public income tax rules committee meeting was on August 20, 2014, when the committee discussed five negotiated rules. The Notice of Proposed Rulemaking on two Administrative and Enforcement Rules, will be published in the October Administrative Bulletin. Proposed Rule 771 – Grocery Credit, Taxable Years Beginning After December 31, 2007, updates the grocery credit annually, and Proposed Rule 872 – Reporting and Paying State Income Tax Withholding, changes the language from split monthly to semi-monthly. Both are non-negotiated rules.

Cynthia highlighted the negotiated rules that had the Drafts approved and a Notice of Proposed Rulemaking published in the October Administrative Bulletin. Proposed Rule 268 – Idaho Source Income of Nonresident and Part-Year Resident Individuals—Suspended Losses from Pass-Through Entities, provides guidance regarding sourcing of suspended losses of nonresidents. Proposed Rule 275 – Idaho Source Income of Nonresident and Part-Year Resident Individuals—Investment Income from Qualified Investment Partnerships, provides example showing non-Idaho real property. Language was added and the changes were approved by the committee.

Proposed Rule 560 – Special Rules is amended by removing the language about “unusual fact situations that ordinarily are unique and nonrecurring” to be consistent with the language from the Multi-state Tax Commission (MTC). Proposed Rule 750 – Broadband Equipment Investment

Credit: In General, provides additional guidance on how the mechanics of the broadband tax credit work with regard to the carryover period. The rule modifications give guidance regarding the 14-year carryover period and provides an example. Cynthia noted that there was a meeting scheduled this afternoon, Wednesday, September 17, 2014, at 2 p.m. on Proposed Rule 291 – Tax Paid by Pass-Through Entities for Owners or Beneficiaries—Computation of Idaho Taxable Income for Taxable Years Beginning on or After January 1, 2012. This proposed rule provides a list of items allowed as a deduction to owners of an interest in a pass-through entity. The specifics for the rule will be determined during the negotiated rulemaking.

Rule 171 – Idaho Capital Gains Deduction—Qualified Property, which adds examples regarding the holding period requirements, was abandoned since it was determined that a legislative change was needed.

There were no questions.

#### Motor and Special Fuels Tax Rules – Committee Chair, Don Williams.

Don Williams, the Motor and Special Fuels Tax Rules Committee Chair, was absent and there was no report.

There were no questions.

#### Sales & Use Tax Administrative Rules – Committee Chair, McLean Russell.

McLean Russell, Sales & Use Tax Administrative Rules Committee Chair, reported that there were eight or nine proposed sales and use tax rules moving forward, that will be published in the October Administrative Bulletin. McLean said that it was important to note that Rule 027 – Computer Equipment, Software, & Data Services, does contain language on streaming video.

Three of the proposed sales and use tax rules did not move forward and no rule will be proposed this year. The three rules are; Rule 049 – Warranties and Service Agreements, and Rule 063 – Bad Debts and Repossession, and Rule 100 – Prescriptions. The sales and use tax rules committee does plan to meet in the next couple of months on Rule 049 and Rule 063.

McLean noted that the committee hopes to receive public or industry feedback before Proposed Rule 102 - Logging and Proposed Rule 128 – Certificates for Resale and Other Exemption Claims, are published in the October Bulletin. There will also be a three-week comment period after the October Administrative Bulletin is available on October 1, 2014.

There were no questions.

#### Property Tax Rules – Committee Chair, Alan Dornfest.

Rick Anderson, Property Tax Policy Specialist and Property Tax Rules Committee Vice-Chair, in Property Tax Rules Committee Chair Alan Dornfest's absence, reported that there was nothing new to report. Rick noted that all the Property Tax proposed rules were moving forward and will be published in the October Administrative Bulletin.

There were no questions.

There were no other rules committee reports.

#### **Other Business.**

Bill von Tagen, Deputy Attorney General, presented This Day in History.

This Day in History, September 17:

1394 – Jews expelled from France by the order of King Charles VI

1776 – Presidio of San Francisco established by Spain

1916 – Manfred von Richtoffen, the “Red Baron”, shot down his first plane.

1920 – NFL organized in Canton, Ohio

1939 – Soviet Union invaded Poland

1949 – First meeting of NATO

1967 – The series “Mission Impossible” premiers on CBS

1983 – Vanessa Williams became the first black Miss America

#### #1 Song

1946 – “To Each His Own” sung by the Ink Spots.

#### This Month in History, September:

September 2, 1969 – First ATM opens for business

September 2, 1944 – George H. W. Bush shot down by Japanese anti-aircraft – ChiChi Juna

September 8, 1974 – President Ford granted a pardon to President Nixon who resigned on  
August 8, 1974.

September 11, 2001 – America attacked by terrorists.

There was no other business.

#### **Public Comments.**

Commissioner Roberts thanked Brody Aston, Lobby Idaho, for attending.

There were no public comments.

#### **Recess.**

Commissioner Roberts recessed the Public Session for five minutes to reconvene for the commissioners to meet with the Commission’s legal counsel.

#### **Reconvene Meeting.**

Commissioner Roberts reconvened the open meeting.

#### **Executive Session.**

Commissioner Katsilometes moved to go into the Executive Session with its legal counsel pursuant to Idaho Code § 67-2345(1)(f) to discuss the current status of litigation to which the Commission is a party. Chairman Jackson seconded. A roll call vote was given by Valerie Dilley, Executive Administrative Assistant. Commissioners Jackson, Katsilometes, and Roberts all voted in favor and the motion passed.

The Commission met in executive session with its legal counsel pursuant to Idaho Code § 67-2345(1)(f) to discuss the current status of litigation to which the Commission is a party. No matters requiring a vote of the Commission resulted from the executive session.

**Public Session.**

Commissioner Roberts declared the Executive Session ended and returned to the public session.

There being no further business, the meeting adjourned.

Valerie J. Dilley  
Secretary

Ken A. Roberts  
Chair